

CASE

NUMBER:

99-477

IN THE MATTER OF OF THE ALRTERNATIVE RATE FILING OF LOCKWOOD
ESTATES DEVELOPING CORPORATION

SEQ NBR	ENTRY DATE	REMARKS
0001	11/19/1999	Application.
0002	11/23/1999	Acknowledgement letter.
M0001	12/08/1999	AUDREY DAVIDSON CITIZEN-COMPLAINT LETTER REG FOR INTERVENTION
0003	12/15/1999	Order granting Audrey Davidson intervention
M0002	12/15/1999	HARRY BAUGHMAN LOCKWOOD HOME OWNERS-MOTION TO INTERVENE
0004	12/22/1999	No def. letter
0005	01/13/2000	Order granting full intervention to Harry H. Baughman
M0003	01/19/2000	AG DAVID SPENARD-INITITAL REQ FOR INFORMATION
M0004	01/19/2000	DAVID SPENARD AG-MOTION TO INTERVENE
0006	01/26/2000	Order granting AG intervention
M0005	02/07/2000	ROBERT & NORA FRANKLIN CITIZEN-REQUEST FOR INTERVENTION
M0006	02/15/2000	DIANA ALLEN CITIZEN-LETTER OF CONCERN TO RATE INCREASE
0007	02/18/2000	Order granting Robert and Nora Franklin intervention
0008	02/22/2000	Acknowledgement letter to Diana Allen re: Lockwood Estates rate increase
M0007	02/22/2000	JOHN STAFFORDLOCKWOOD ESTATES-RESPONSE TO INITIAL REQ FOR INFO OF THE AG DATED JAN 19,00
M0008	02/24/2000	JOHN STAFFORD LOCKWOOD ESTATES-RESPONSE TO INITIAL REQ FOR INFO BY THE AG DATED JAN 19,00
0009	03/23/2000	Order issuing Staff Report; comments or request for hearing due 4/3
0010	04/21/2000	FINAL ORDER APPROVING PROPOSED RATE



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-477
LOCKWOOD ESTATES DEVELOPING CORPORATION

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on April 21, 2000.

See attached parties of record.

Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY. 40014

Audrey B. Davidson,
3612 Barbara Ann Boulevard
Crestwood, KY. 40014

Harry H. Baughman
President
Lockwood Home Owners Association
5212 Mary Clayton Lane
Crestwood, KY. 40014

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

Robert L. Franklin
Nora L. Franklin
3700 Barabara Ann Blvd.
Crestwood, KY. 40014

John J. Stafford,
CPA for Lockwood Estates
Louis T. Roth & Co.
2100 Gardiner Lane
Suite 207
Louisville, KY. 40205 2994

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOCKWOOD ESTATES)
DEVELOPING CORPORATION FOR A RATE) CASE NO. 1999-477
ADJUSTMENT PURSUANT TO THE ALTERNATIVE)
RATE FILING PROCEDURE FOR SMALL UTILITIES)

ORDER

On November 19, 1999, Lockwood Estates Developing Corporation ("Lockwood Estates") applied for an increase in its rates for sewer service that would generate additional annual revenues of \$6,718, an increase of 34.5 percent over test year revenues.

On March 23, 2000, Commission Staff submitted to the Commission a written report of its findings and recommendations on Lockwood Estates' proposed rate adjustment. This report is based upon Commission Staff's review of Lockwood Estates' operations for Calendar Year 1998. In its report, Commission Staff found that Lockwood Estates requires a revenue increase of \$10,926 to achieve an operating ratio of 88 percent. Commission Staff further found that Lockwood Estates' requested rate adjustment would produce revenues to achieve a positive cash flow of \$2,805. It recommended that Lockwood Estates be granted the requested rate adjustment.

On March 23, 2000, the Commission ordered all parties to submit no later than April 3, 2000, any written comments on the Commission Staff's findings and recommendations or request for conference or hearing in this matter. We further ordered that, should no request for conference or hearing be received by that date, this

matter would stand submitted for decision. As of this date, we have received no comment or request for conference or hearing.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The findings and recommendations contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. While the requested rate will not produce revenues sufficient to produce an operating ratio of 88 percent, the requested rate will not result in any degradation of service to the public.

3. “[I]n the absence of some showing that the service to the public will suffer by allowing . . . [a] utility to charge rates which will not produce a fair return, the utility and not the Commission has the right of decision as to the rates it will charge so long as they do not exceed those which would produce a fair return as determined by the Commission.” Utilities Operating Co. v. King, 143 So.2d 854, 858, 45 PUR3d 439, 443 (Fla. 1962).

4. The rate of \$33.61 per month will produce gross annual revenues of \$26,218 based on test year sales and will allow Lockwood Estates revenues that are not in excess of those which would produce a fair return.

5. Lockwood Estates’ proposed rate should be approved.

IT IS THEREFORE ORDERED that:

1. Lockwood Estates’ proposed rate is approved.

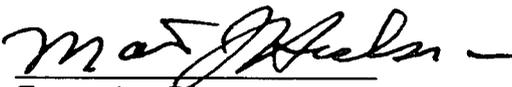
2. The rate of \$33.61 per month is approved for service that Lockwood Estates renders on and after the date of this Order.

3. Within 20 days of the date of this Order, Lockwood Estates shall file with the Commission its revised tariff setting out the rate approved herein.

Done at Frankfort, Kentucky, this 21st day of April, 2000.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 23, 2000

To: All parties of record

RE: Case No. 1999-477

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY 40014

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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DEVELOPING CORPORATION FOR A RATE)
ADJUSTMENT PURSUANT TO THE ALTERNATIVE) CASE NO. 99-477
RATE FILING PROCEDURE FOR SMALL UTILITIES)

O R D E R

On November 19, 1999, Lockwood Estates Developing Corporation ("Lockwood Estates") filed its application for Commission approval of proposed sewer rates. Commission Staff, having performed a limited financial review of Lockwood Estates' test period operations, has prepared the attached report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and submit any written comments on Staff's findings and recommendations or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall, no later than 10 days from the date of this Order, submit their written comments on the attached Staff Report or request for a hearing or informal conference. If no request for a hearing or informal conference is received by this date, this case shall stand submitted to the Commission for decision.

Done at Frankfort, Kentucky, this 23rd day of March, 2000.

ATTEST:

By the Commission



Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOCKWOOD ESTATES)
DEVELOPING CORPORATION FOR A RATE)
ADJUSTMENT PURSUANT TO THE ALTERNATIVE) CASE NO. 99-477
RATE FILING PROCEDURE FOR SMALL UTILITIES)

STAFF REPORT

Prepared by: Karen S. Harrod, CPA
Public Utility Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis

STAFF REPORT

ON

LOCKWOOD ESTATES DEVELOPING CORPORATION

CASE NO. 99-477

On November 19, 1999, Lockwood Estates Developing Corporation ("Lockwood Estates") filed its application for Commission approval of proposed sewer rates. In order to evaluate the requested increase, Commission Staff ("Staff") performed a limited financial review of Lockwood Estates' test period operations, the year ending December 31, 1998.

The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

Karen Harrod of the Commission's Water and Sewer Revenue Requirements Branch began the limited review on January 10, 2000, and is responsible for the preparation of this Staff Report.

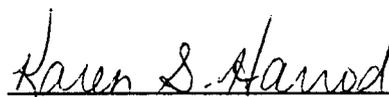
A schedule of Lockwood Estates' proposed pro-forma operations is shown in Attachment A. Based on Staff's recommendations Lockwood Estates' operating statement and revenue requirement would appear as set forth in Attachments B and C, respectively. It should be noted that no provision was made for income tax expense. This was due to the net operating loss carry-forward available to Lockwood Estates according to Statement 4 of its 1998 Form 1120.

Lockwood Estates proposed an increase of \$6,718, which reflects an increase over test year revenues of 34.5 percent. Staff's calculations resulted in a revenue increase of \$10,926, or 56.03 percent over test year revenues. Staff determined Lockwood Estates' revenue requirement based on an 88% operating ratio, the approach generally used by the Commission for small, privately owned utilities.

Attachment D contains an analysis of Lockwood Estates' cash flow based on Staff's recommended operations and the increase proposed by Lockwood Estates. Since the revenue increase proposed by Lockwood Estates will result in a positive cash flow of \$2,805, Staff recommends the proposed increase of \$6,718 be accepted. The rate contained in Attachment E will achieve Staff's recommended level of revenue based on Lockwood Estates' current customer level of 65.

If Lockwood Estates wishes to amend its application to request rates that will generate the higher revenue requirement of \$30,426, Staff recommends that such amendment be filed with any comments on the Staff Report. In the event that Lockwood Estates does amend its application, it should also re-notice its customers based on the amended rate proposal.

Signature



Prepared by: Karen S. Harrod, CPA
Public Utility Financial Analyst
Water and Sewer Revenue
Requirements Branch
Division of Financial Analysis

ATTACHMENT A
 STAFF REPORT CASE NO. 99-477
 LOCKWOOD ESTATES DEVELOPING CORP. - REQUESTED OPERATIONS

	Test Year Per Application	Proposed Pro-forma Adjustments	Proposed Pro-forma Test Year
Operating Revenues	19,500	6,718	26,218
Operating Expenses			
Depreciation	3,362		3,362
Taxes	185		185
Repairs & Maintenance	1,479		1,479
Accounting & Professional Fees	800		800
Utilities	3,471		3,471
Testing & Assessments	12,286		12,286
Insurance	1,764		1,764
Collections Fees	1,560		1,560
 Total Operating Expenses	 24,907	 -	 24,907
 Operating Income	 (5,407)	 6,718	 1,311

ATTACHMENT B
STAFF REPORT CASE NO. 99-477
STAFF'S RECOMMENDED OPERATIONS

	Test Year per Application	Reallocation of Expenses	Test Year Restated	Staff Recommended Adjustments	Ref.	Staff Recommended Test Year
Operating Revenues	19,500		19,500	-		19,500
Operating Expenses:						
Depreciation	3,362		3,362	-		3,362
Taxes	185		185	-		185
Repairs & Maintenance	1,479	4,236	5,715	-		5,715
Accounting & Prof. Fees	800		800	-		800
Utilities	3,471		3,471	-		3,471
Testing & Assessments	12,286	(12,286)	-	-		-
Insurance	1,764		1,764	(882)	(A)	882
Collection Fees	1,560		1,560	-		1,560
Monthly Operator Fee	-	6,600	6,600	600	(B)	7,200
Owner/Manager Fee	-		-	3,600	(C)	3,600
Engineering Expense	-	1,450	1,450	(1,450)	(D)	-
Total Operating Expenses	24,907	-	24,907	1,868		26,775
Operating Income	(5,407)	-	(5,407)	(1,868)		(7,275)

ATTACHMENT B
STAFF REPORT CASE NO. 99-477
STAFF'S RECOMMENDED OPERATIONS

Reallocation of Expenses

The reallocation of expenses was included to more correctly state the types of expenses incurred by Lockwood Estates during the test year. These adjustments were based on information obtained during the field review as well as Lockwood Estates' February 22, 2000 response to the Attorney General's information request dated January 19, 2000.

(A) Insurance Expense

In its application Lockwood Estates reported test year insurance expense of \$1,764. However, based on Staff's review, the actual insurance expense for 1998 was \$882. Accordingly, test year expense has been decreased by \$882.

(B) Monthly Operator Fee

During the test year Lockwood Estates was charged \$550 per month for routine operator services being performed by Eubank, Hall & Associates. As of February 1999, that fee increased to \$600 per month. This adjustment normalizes test year expense based on the current monthly rate.

Current Monthly Operator Fee	\$ 600
	<u>12</u>
Annual Operator Fee	\$ 7,200
Less: Test Year Expense	<u>6,600</u>
Recommended Increase	<u>\$ 600</u>

(C) Owner/Manager Fee

Lockwood Estates did not report owner/manager fee expense for the test year. However, the Commission generally allows an owner/manager fee of \$3,600 for small, privately owned sewer utilities. Accordingly, Staff has included this expense in test year operations.

(D) Engineering Expense

In its test year operations Lockwood Estates included engineering expenses of \$1,450 for the plat on land sold during the test year. This expense is non-recurring and should not be included in the calculation of Lockwood Estates' revenue requirement.

ATTACHMENT C
STAFF REPORT CASE NO. 99-477
CALCULATION OF REVENUE REQUIREMENT

	<u>Recommended by Staff</u>
Adjusted Operating Expenses	26,775
Operating Ratio	<u>0.88</u>
Revenue Requirement	30,426
Less: Normalized Test-Year Revenue	<u>19,500</u>
Required Increase	<u>10,926</u>
Percentage Increase	<u>56.03%</u>

ATTACHMENT D
STAFF REPORT CASE NO. 99-477
ANALYSIS OF CASH FLOW

Test Year Operating Revenues	\$ 19,500
Add: Requested Revenue Increase	<u>6,718</u>
Recommended Total Operating Revenue	\$ 26,218
Less: Recommended Operating Expenses	<u>26,775</u>
Recommended Operating Income	\$ (557)
Add Back: Depreciation Expense	<u>3,362</u>
Cash Flow	<u>\$ 2,805</u>

ATTACHMENT E
STAFF REPORT CASE NO. 99-477
RECOMMENDED SEWER RATES

RECOMMENDED RATES

Single Family Residential

\$ 33.61 per Month



LOUIS T. ROTH & Co.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Limited Liability Company

Emeritus

LOUIS T. ROTH, CPA
ALBERT J. FUENFER, CPA

STEPHEN J. EVANS, CPA
BRUCE J. ROTH, CPA
JOHN J. STAFFORD, JR., CPA
N. DAVID PULLEM, CPA
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KEVIN M. GIBBS, CPA
AMY S. MILES, CPA
CATHERINE C. STAPLES, CPA
JENNIFER S. RINGSTAFF, CPA
JAMIE R. OWEN, CPA
MICHELLE L. PATTON, CPA
TRACY J. SMITH, CPA
DIANE B. WEBB, CPA

February 1, 2000

Public Service Commission
730 Schenkel Lane
P O Box 615
Frankfort, KY 40602

**RE: Lockwood Estates Developing Corporation
Case # 99-477**

RECEIVED
FEB 24 2000
PUBLIC SERVICE
COMMISSION

Gentlemen:

This letter is in response to the Initial Request for Information by the Attorney General dated January 19, 2000.

The first question requests that we provide a schedule of the details that makes up an expense of \$12,286. I have provided that on the attached schedule. I believe we have described the service provided adequately.

The second request is for a listing of all Lockwood Estates Developing Corporation employees with a description. The corporation has no employees.

The third request is to identify who provides the repairs and maintenance for the utility plant. The provider is Eubank, Hall & Associates located at 147 N. Clay Street, Louisville, Kentucky. A copy of their latest bill is enclosed for your review. They provide all of the maintenance themselves unless there is something they feel someone else has the right equipment to do in which case they generally would call the proper plumbing company.

Question # 4 asks if a third party provides a collection service for the utility. Yes, the Oldham County Water Company provides the collection service. They charge \$2.00 per customer per month for the billing and collection services, which they provide. They then forward a monthly check to the Lockwood Estates Developing Corporation.

Question # 5 requests a listing of all officers for the corporation. The officers are as follows:

1. President – Lee Clore
2. Vice President – Robert A. Jones
3. Treasurer – Lee Clore

4. Secretary – Robert A. Jones

The attachments to this letter are as follows:

1. Exhibit A provides the answers to question # 1.
2. Exhibit B is a copy of the contract with Eubank, Hall & Associates.
3. Exhibit C is a copy of the contract with Oldham County Water Company.

I believe that the above and attached items answer your Request for Information fully and completely. If there should be any further questions or if you need any clarification, please do not hesitate to contact me.

Sincerely,



John J. Stafford, Jr.
Certified Public Accountant

JJS/jlg

Enclosures

cc: The Honorable Helen C. Helpen (original and ten copies)
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, KY 40601

Lee S. Clore
P O Box 21
Crestwood, KY 40014

Audrey B. Davidson
3612 Barbara Ann Blvd.
Crestwood, KY 40014

Harry H. Baughman
5212 Mary Clayton Lane
Crestwood, KY 40014

LOCKWOOD ESTATES DEVELOPING CORPORATION
 DETAIL OF TESTING AND ASSESSMENT COSTS
 EXHIBIT A

MONTH	PAYEE	SERVICE PROVIDED	AMOUNT
Jan-98	EUBANK, HALL & ASSOC.	CLEAN OUT SLUDGE FROM LINE	1,003.85
Jan-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Feb-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Mar-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Mar-98	EUBANK, HALL & ASSOC.	REPLACE V-BELTS (labor)	47.50
Mar-98	EUBANK, HALL & ASSOC.	REPLACE V-BELTS (materials)	49.67
Mar-98	EUBANK, HALL & ASSOC.	REPAIR DISCHARGE LINE (labor and materials)	167.50
Apr-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Apr-98	EUBANK, HALL & ASSOC.	ROUNDUP WEED KILLER	120.35
May-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Jun-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Jul-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Aug-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Aug-98	EUBANK, HALL & ASSOC.	PULLED TWO DIFFUSERS AND CLEANED	95.00
Sep-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Sep-98	EUBANK, HALL & ASSOC.	PUMP AND CLEAN TERTIARY TANK	71.25
Sep-98	EUBANK, HALL & ASSOC.	PADLOCK	26.50
Oct-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Oct-98	EUBANK, HALL & ASSOC.	UNSTOP SEWAGE PUMP	95.00
Oct-98	EUBANK, HALL & ASSOC.	REBUILD CHLORINATOR	118.75
Oct-98	EUBANK, HALL & ASSOC.	PARTS TO REBUILD CHLORINATOR	210.38
Oct-98	EUBANK, HALL & ASSOC.	PADLOCK AND CHAIN	18.00
Oct-98	EUBANK, HALL & ASSOC.	INSTALL NEW WASH DOWN PUMP	380.00
Oct-98	EUBANK, HALL & ASSOC.	4F10A05-305 1/3 HP PUMP	376.67
Oct-98	EUBANK, HALL & ASSOC.	PIPING AND HARDWARE	137.68
Nov-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Nov-98	EUBANK, HALL & ASSOC.	UNSTOP SLUDGE LINES	213.75
Nov-98	EUBANK, HALL & ASSOC.	RAG FORK	17.85
Nov-98	EUBANK, HALL & ASSOC.	MISCELLANEOUS PLUMBING	7.74
Dec-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
May-98	GRIFFIN PLUMBING		229.39
Jul-98	GRIFFIN PLUMBING	REPAIR 6" MAIN SEWER	849.17
SUBTOTAL			10,836.00
Nov-98	CENTERFIELD ENGINEERING PLAT ON LAND SOLD TO MR. AND MRS. PITCOCK *		1,450.00
	NOTE: THIS AMOUNT WAS ERRONEOUSLY INCLUDED AND SHOULD BE DELETED.		
TOTAL 1999 TESTING AND ASSESSMENT EXPENSES			<u>12,286.00</u>

NOTE> PER STACY FITCH AT EUBANK, HALL AND ASSOCIATES, INC THE \$550 MONTHLY FEE INCLUDES A CHECK OF THE PLANT AND LIFT STATION 5 DAYS A WEEK WITH SLUDGE REMOVAL AS NEEDED (USUALLY EVERY 2 TO 3 MONTHS), AND MAINTENANCE AS NEEDED.

* THIS LAND WAS ON THE OTHER SIDE OF THE CREEK AND NOT ACCESSIBLE UNLESS A BRIDGE WERE TO BE BUILT.

INVOICE

Eubank, Hall and Associates, Inc.

147 North Clay Street
Louisville, KY 40202

Phone (502) 583-5572

Fax (502) 584-6533

P.O. Number	Authorization	Cust #	Invoice#	Invoice Date	Terms	Order Date
		116	300697	12/30/99	NET 10 DAYS	12/30/99
Ship Via	Order No.	Bill of Lading	Ppd/Col	Ship Date	Shipped From	Salesperson
DELIVERED	01007560			12/30/99	Louisville, KY	HOUSE ACCOUNT

Sold To LOCKWOOD ESTATES
ATTN: LEE CLORE
P. O. BOX 21
CRESTWOOD KY 40014

Ship To LOCKWOOD ESTATES

Ordered	B/O	Shipped	Our Stock #/Description/Your Part #	Unit Price	UM	Extended Price	CD%
1		1	MONTHLY FEE OPERATIONS	600.00	MO	600.00	
2		2	OM LABOR EUBANK, HALL LABOR REPAIR CHLORINE LINE	47.50	HR	95.00	

	Service Charge of 1.5% per Month on Past Due Invoices	Sub Total	Freight	Sales Tax	Invoice Total
		695.00			695.00

ALL MERCHANDISE IS SOLD WITH MANUFACTURER'S WARRANTY,
NO OTHER WARRANTY IS GIVEN.

**Oldham County Water District**

P. O. Box 51 • Buckner, Kentucky 40010

502-222-1690

Commissioners
Perry Hall
James A. Hall, III
Kenneth McQuiston
Gus Daebler
John Rich

February 21, 2000

Superintendent
Phillip Ward

Attorney
Croley & Moore & Snell

Auditor
Newcom, Wilcox, & Hicks

Mr. John Stafford
Louis T. Roth & Co.

Re: Lockwood Estates
Sewer Charge

The Oldham County Water District bills the customers in Lockwood Estates who are on sewers \$25.00 per month. The sewer charge is included on the monthly water bill.

For this service we are paid \$2.00 per customer by Mr. Lee Clore.

Jerry Miller
Jerry Miller
Billing Department

1044
Janet
9-21
9:38



LOUIS T. ROTH & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Limited Liability Company

Emeritus

LOUIS T. ROTH, CPA
ALBERT J. FUENFER, CPA

STEPHEN J. EVANS, CPA
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February 1, 2000

RECEIVED

FEB 2 2 2000

PUBLIC SERVICE
COMMISSION

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Case # 99-477**

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2. Vice President – Robert A. Jones
3. Treasurer – Lee Clore

February 1, 2000

RECEIVED

FEB 2 2 2000

PUBLIC SERVICE
COMMISSION

4. Secretary – Robert A. Jones

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2. Exhibit B is a copy of the contract with Eubank, Hall & Associates.
3. Exhibit C is a copy of the contract with Oldham County Water Company.

I believe that the above and attached items answer your Request for Information fully and completely. If there should be any further questions or if you need any clarification, please do not hesitate to contact me.

Sincerely,



John J. Stafford, Jr.
Certified Public Accountant

JJS/jlg

Enclosures

cc: The Honorable Helen C. Helpen (original and ten copies)
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, KY 40601

Lee S. Clore
P O Box 21
Crestwood, KY 40014

Audrey B. Davidson
3612 Barbara Ann Blvd.
Crestwood, KY 40014

Harry H. Baughman
5212 Mary Clayton Lane
Crestwood, KY 40014

LOCKWOOD ESTATES DEVELOPING CORPORATION
 DETAIL OF TESTING AND ASSESSMENT COSTS
 EXHIBIT A

MONTH	PAYEE	SERVICE PROVIDED	AMOUNT
Jan-98	EUBANK, HALL & ASSOC.	CLEAN OUT SLUDGE FROM LINE	1,003.85
Jan-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Feb-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Mar-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Mar-98	EUBANK, HALL & ASSOC.	REPLACE V-BELTS (labor)	47.50
Mar-98	EUBANK, HALL & ASSOC.	REPLACE V-BELTS (materials)	49.67
Mar-98	EUBANK, HALL & ASSOC.	REPAIR DISCHARGE LINE (labor and materials)	167.50
Apr-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Apr-98	EUBANK, HALL & ASSOC.	ROUNDUP WEED KILLER	120.35
May-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Jun-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Jul-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Aug-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Aug-98	EUBANK, HALL & ASSOC.	PULLED TWO DIFFUSERS AND CLEANED	95.00
Sep-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Sep-98	EUBANK, HALL & ASSOC.	PUMP AND CLEAN TERTIARY TANK	71.25
Sep-98	EUBANK, HALL & ASSOC.	PADLOCK	26.50
Oct-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Oct-98	EUBANK, HALL & ASSOC.	UNSTOP SEWAGE PUMP	95.00
Oct-98	EUBANK, HALL & ASSOC.	REBUILD CHLORINATOR	118.75
Oct-98	EUBANK, HALL & ASSOC.	PARTS TO REBUILD CHLORINATOR	210.38
Oct-98	EUBANK, HALL & ASSOC.	PADLOCK AND CHAIN	18.00
Oct-98	EUBANK, HALL & ASSOC.	INSTALL NEW WASH DOWN PUMP	380.00
Oct-98	EUBANK, HALL & ASSOC.	4F10A05-305 1/3 HP PUMP	376.67
Oct-98	EUBANK, HALL & ASSOC.	PIPING AND HARDWARE	137.68
Nov-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
Nov-98	EUBANK, HALL & ASSOC.	UNSTOP SLUDGE LINES	213.75
Nov-98	EUBANK, HALL & ASSOC.	RAG FORK	17.85
Nov-98	EUBANK, HALL & ASSOC.	MISCELLANEOUS PLUMBING	7.74
Dec-98	EUBANK, HALL & ASSOC.	MONTHLY FEE	550.00
May-98	GRIFFIN PLUMBING		229.39
Jul-98	GRIFFIN PLUMBING	REPAIR 6" MAIN SEWER	849.17
SUBTOTAL			10,836.00
Nov-98	CENTERFIELD ENGINEERING	PLAT ON LAND SOLD TO MR. AND MRS. PITCOCK *	1,450.00
NOTE: THIS AMOUNT WAS ERRONEOUSLY INCLUDED AND SHOULD BE DELETED.			
TOTAL 1999 TESTING AND ASSESSMENT EXPENSES			<u>12,286.00</u>

NOTE> PER STACY FITCH AT EUBANK, HALL AND ASSOCIATES, INC THE \$550 MONTHLY FEE INCLUDES A CHECK OF THE PLANT AND LIFT STATION 5 DAYS A WEEK WITH SLUDGE REMOVAL AS NEEDED (USUALLY EVERY 2 TO 3 MONTHS), AND MAINTENANCE AS NEEDED.

* THIS LAND WAS ON THE OTHER SIDE OF THE CREEK AND NOT ACCESSIBLE UNLESS A BRIDGE WERE TO BE BUILT.

INVOICE

Eubank, Hall and Associates, Inc.

147 North Clay Street
Louisville, KY 40202

Phone (502) 583-5572
Fax (502) 584-6533

P.O. Number	Authorization	Cust #	Invoice#	Invoice Date	Terms	Order Date
		116	300697	12/30/99	NET 10 DAYS	12/30/99
Ship Via	Order No.	Bill of Lading	Ppd/Col	Ship Date	Shipped From	Salesperson
DELIVERED	01007560			12/30/99	Louisville, KY	HOUSE ACCOUNT

Sold To LOCKWOOD ESTATES
ATTN: LEE CLORE
P. O. BOX 21
CRESTWOOD KY 40014

Ship To LOCKWOOD ESTATES

Ordered	B/O	Shipped	Our Stock #/Description/Your Part #	Unit Price	UM	Extended Price	CD%
1		1	MONTHLY FEE OPERATIONS	600.00	MO	600.00	
2		2	OM LABOR EUBANK, HALL LABOR REPAIR CHLORINE LINE	47.50	HR	95.00	
			Sub Total				
			695.00				
			Service Charge of 1.5% per Month on Past Due Invoices				
			Freight				
			Sales Tax				
			Invoice Total				
			695.00				

ALL MERCHANDISE IS SOLD WITH MANUFACTURER'S WARRANTY,
NO OTHER WARRANTY IS GIVEN.



Oldham County Water District

P. O. Box 51 • Buckner, Kentucky 40010

502-222-1690

Commissioners
Perry Hall
James A. Hall, III
Kenneth McQuistan
Gus Daeble
John Rich

February 21, 2000

Superintendent
Phillip Ward

Attorney
Croley & Moore & Snell

Auditor
Newcom, Wilcox, & Hicks

Mr. John Stafford
Louis T. Roth & Co.

Re: Lockwood Estates
Sewer Charge

The Oldham County Water District bills the customers in Lockwood Estates who are on sewers \$25.00 per month. The sewer charge is included on the monthly water bill.

For this service we are paid \$2.00 per customer by Mr. Lee Clore.

Jerry Miller
Jerry Miller
Billing Department

124
Janet
9-21
9:38



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Paul E. Patton
Governor

February 22, 2000

Ms. Diana Allen
3807 Barbara Ann Blvd.
Crestwood, KY 40014

Re: Case No. 99-477

Dear Ms. Allen:

The Commission has received your letter dated February 11th concerning the above case. Your letter is being treated as an official protest and will be placed in the case file. The Commission will carefully analyze this case before rendering its decision. Be advised that the effect of the rate increase cannot yet be determined as the increase originally proposed is not necessarily what may be ordered in the Commission's final decision.

Please be advised that the Attorney General represents residential rate payers. You may contact the Attorney General's office at 502-696-5300 and request that his office represent you in this matter.

Thank you for your interest and concern in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/lc





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 18, 2000

To: All parties of record

RE: Case No. 1999-477

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY 40014

Audrey B. Davidson,
3612 Barbara Ann Boulevard
Crestwood, KY 40014

Harry H. Baughman
President
Lockwood Home Owners Association
5212 Mary Clayton Lane
Crestwood, KY 40014

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

Robert L. Franklin
Nora L. Franklin
3700 Barabara Ann Blvd.
Crestwood, KY 40014

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOCKWOOD ESTATES)
DEVELOPING CORPORATION FOR AN) CASE NO.
ADJUSTMENT OF RATES PURSUANT TO THE) 99-477
ALTERNATIVE RATE FILING PROCEDURE)
FOR SMALL UTILITIES)

O R D E R

This matter arising upon the motion of Robert L. and Nora L. Franklin, filed February 7, 2000, for full intervention, and it appearing to the Commission that the Franklins have a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that:

1. The motion of Robert L. and Nora L. Franklin to intervene is granted.
2. The Franklins shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should the Franklins file documents of any kind with the Commission in the course of these proceedings, they shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 18th day of February, 2000.

By the Commission

ATTEST:


Executive Director

99-477

RECEIVED

FEB 07 2000

PUBLIC SERVICE
COMMISSION

Robert L. Franklin
Nora L. Franklin
3700 Barabara Ann Blvd.
Crestwood, KY 40014
Phone----502-241-5739

February 3, 2000

Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Dear Sir,

We are residents of Lockwood Estates subdivision in Oldham County, KY. We recently receive notice of a proposed rate hike by the Lockwood Estates Developing Corporation of a **34.4%** increase. The developing corporation is the company that runs our sewage treatment service. Bills come out each month on our water bill as a sewage charge. The current charge is \$25.00 a month. We find the current sewage charge to be rather exorbitant. The request for an additional rate hike of 34.4% is ridiculous and certainly not warranted as we are sure the rate increase will not translate into better service. We are requesting your intervention in this matter to prevent a rate increase that is not justified and poses a hardship on the taxpaying residents of Lockwood Estates. Thank you in advance for your assistance in this matter.

Sincerely yours,

Robert L. Franklin

Robert L. Franklin

Nora L. Franklin

Nora L. Franklin

99-471

Feb. 11, 2000

Dear Executive Director,

A 34.4% increase by the
Lockwood Estates Developing
Corp.? This must be RECEIVED
Get Deal!

FEB 15 2000
PUBLIC SERVICE
COMMISSION

Diana Allen
3807 Barbara Ann Blvd.
Crestwood, Ky 40014

you know
what, I
just remember
that I responded
to the Franks
before xmas
about this
some time
7:50



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 26, 2000

To: All parties of record

RE: Case No. 1999-477

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY 40014

Audrey B. Davidson,
3612 Barbara Ann Boulevard
Crestwood, KY 40014

Harry H. Baughman
President
Lockwood Home Owners Association
5212 Mary Clayton Lane
Crestwood, KY 40014

Hon. A.B. Chandler III
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601 8204

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOCKWOOD ESTATES)
DEVELOPING CORPORATION FOR AN) CASE NO.
ADJUSTMENT OF RATES PURSUANT TO THE) 99-477
ALTERNATIVE RATE FILING PROCEDURE)
FOR SMALL UTILITIES)

O R D E R

This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed January 19, 2000, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted, and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 26th day of January, 2000.

By the Commission

ATTEST:


Executive Director

RECEIVED

JAN 19 2000

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)	
THE ALTERNATIVE RATE FILING OF LOCKWOOD)	Case No. 99-477
ESTATES DEVELOPING CORPORATION)	

INITIAL REQUEST FOR INFORMATION
BY THE ATTORNEY GENERAL

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information by the Attorney General.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

INITIAL REQUEST FOR INFORMATION BY THE ATTORNEY GENERAL

1. Reference: Application, Section II (Increased Cost Information). Please provide a schedule that details the composition of the Testing and Assessments expense amount of \$12,286.00. The schedule should include footnotes that describe each element of the total.
2. Please provide a listing of all Lockwood Estates Developing Corporation employees. For each employee, please provide a job description.
3. Reference: Application, Section II (Increased Cost Information). Identify who provides the repairs and maintenance service for the utility. If applicable, provide any contracts relating to the provision of these services.
4. Reference: Application, Section II (Increased Cost Information). Does a third party provide collection service for the utility? If yes, please indicate the third party and provide any contract relating to the provision of this service.
5. Please provide a listing of all owners and officers of Lockwood Estates Developing Corporation.

Respectfully submitted,

A.B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard

David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204
502-696-5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Initial Request for Information by the Attorney General were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, Lee S. Clore, P. O. Box 21, Crestwood, Kentucky 40014, Audrey B. Davidson, 3612 Barbara Ann Boulevard, Crestwood, Kentucky 40014, and Harry H. Baughman, 5212 Mary Clayton Lane, Crestwood, Kentucky 40014 all on this 19th day of January, 2000.

David Edward Spenard
Assistant Attorney General

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

JAN 19 2000

PUBLIC SERVICE
COMMISSION

In the Matter of:)
THE ALTERNATIVE RATE FILING OF LOCKWOOD) Case No. 99-477
ESTATES DEVELOPING CORPORATION)

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to, Lee S. Clore, P. O. Box 21, Crestwood, Kentucky 40014, Audrey B. Davidson, 3612 Barbara Ann Boulevard, Crestwood, Kentucky 40014, and Harry H. Baughman, 5212 Mary Clayton Lane, Crestwood, Kentucky 40014 all on this 19th day of January, 2000.

Dave S. Edl Spauld
Assistant Attorney General



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 13, 2000

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY. 40014

Audrey B. Davidson,
3612 Barbara Ann Boulevard
Crestwood, KY. 40014

Harry H. Baughman
President
Lockwood Home Owners Association
5212 Mary Clayton Lane
Crestwood, KY. 40014

RE: Case No. 1999-477

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOCKWOOD ESTATES)
DEVELOPING CORPORATION FOR AN) CASE NO.
ADJUSTMENT OF RATES PURSUANT TO THE) 99-477
ALTERNATIVE RATE FILING PROCEDURE)
FOR SMALL UTILITIES)

O R D E R

This matter arising upon the motion of Harry H. Baughman¹ for full intervention, and it appearing to the Commission that Mr. Baughman has a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that:

1. The motion of Harry H. Baughman to intervene is granted.
2. Mr. Baughman shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.

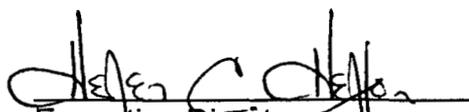
¹ Harry H. Baughman is being granted intervention individually. Mr. Baughman's letter indicated that he wished to intervene on behalf of the Lockwood Homeowners Association. However, if the association wishes to intervene, it must be represented by a licensed attorney. Representation of the rights of others before an administrative agency is considered the practice of law and must be performed by a licensed attorney. Kentucky Bar Association v. Henry Vogt Machine Co., 416 S.W.2d 727 (Ky. 1967).

3. Should Mr. Baughman file documents of any kind with the Commission in the course of these proceedings, he shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 13th day of January, 2000.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

December 22, 1999

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY. 40014

Audrey B. Davidson,
3612 Barbara Ann Boulevard
Crestwood, KY. 40014

RE: Case No. 1999-477
LOCKWOOD ESTATES DEVELOPING CORPORATION

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

original

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

FILED

NOV 19 1999

PUBLIC SERVICE
COMMISSION

RECEIVED

NOV 19 1999

PUBLIC SERVICE
COMMISSION

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Lockwood Estates Developing Corporation
P.O. Box 8
Crestwood, KY 40014
(502) 241-8435

I. Basic Information

NAME, TITLE, ADDRESS, and telephone number of the person to whom correspondence or communications concerning this application should be directed:

Case 99-477

Lee S. Clore, President
P.O. Box 21
Crestwood, KY 40014
(502) 241-8435

- 1) Do you have 500 customers or fewer? Yes
- 2) Do you have \$300,000 in Gross Annual Revenue or less? Yes
- 3) Has the utility filed an annual report with this Commission for the past year and the two previous years? Yes
- 4) Are the utility's records kept separate from any other commonly owned enterprise? Yes

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 and 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

December 15, 1999

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY. 40014

Audrey B. Davidson,
3612 Barbara Ann Boulevard
Crestwood, KY. 40014

RE: Case No. 1999-477

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOCKWOOD ESTATES)
DEVELOPING CORPORATION FOR AN) CASE NO.
ADJUSTMENT OF RATES PURSUANT TO THE) 99-477
ALTERNATIVE RATE FILING PROCEDURE)
FOR SMALL UTILITIES)

O R D E R

This matter arising upon the motion of Audrey B. Davidson, filed December 8, 1999, for full intervention, and it appearing to the Commission that Ms. Davidson has a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

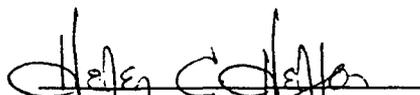
IT IS HEREBY ORDERED that:

1. The motion of Audrey B. Davidson to intervene is granted.
2. Ms. Davidson shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should Ms. Davidson file documents of any kind with the Commission in the course of these proceedings, she shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 15th day of December, 1999.

By the Commission

ATTEST:


Executive Director

December 14, 1999

Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

DEC 15 1999

PUBLIC SERVICE
COMMISSION

~~Reference case #99-477, Lockwood Estates Development Corp.~~

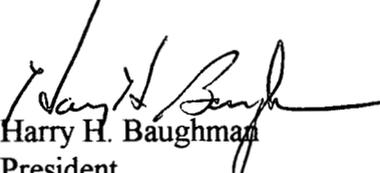
Dear Sir,

My neighbors in Lockwood Estates recently received notification that the developer intends to raise the sewer fees for the portion of the subdivision that is on sewers. Several of them as well as myself have tried without success to obtain copies of the application mentioned in the developer's notice.

In order that we may have to opportunity to understand the developer's position and present our objections to this rate hike, we hereby present a motion to intervene.

A large number of our residents are retired and on fixed incomes and an increase of 34.4% seems excessive. Further, it was our understanding that the sewer plant was intended to serve all of Lockwood Estates and since the developer has not pursued the development of section three, we feel that we are being tasked to pay for their poor planning. Additionally, the inclusion of section one residents on the sewer may serve to solve some of their shortfall problems.

Sincerely,


Harry H. Baughman
President

December 2, 1999

Ms. Helen Helton, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED
DEC 08 1999
PUBLIC SERVICE
COMMISSION

Dear Ms. Hilton:

I am writing to register my protest against a proposed rate increase on sewage in my subdivision. The case number is: 1999 – 477 and is filed (I believe) under Lockwood Estates Development Corporation. First, let me say that the letter that I received was quite cryptic in style. The letter did not identify that the rate increase in question was for sewage. Rather, it simply said that a rate increase was proposed at the rate of 34% and to respond within 30 days.

I strongly oppose this rate increase, not only for the manner in which it was communicated but also because no reason is given for the increase. Moreover, the size of the increase is inexplicably large particularly given the fact that no supporting evidence is provided to justify such an increase (e.g., have costs risen?). As a professionally trained Ph.D. economist who works on policy issues, I find this unacceptable as well as insulting. If Mr. Clore is requesting a rate increase but does not have the courtesy to inform his customers of the reason or to even adequately identify the service in question in the written communication we received, I do not believe any credence should be given to his request.

I am willing to become an intervenor in this case if necessary to prevent this rate increase from being passed by the PSC. Please feel free to contact me at work (502) 852 – 4839 or at home (502) 241 – 4706 or via email at abdavidson@louisville.edu.

Thank you for your attention to this matter and for your consideration. I look forward to hearing from you.

Best regards,



Audrey B. Davidson, Ph.D.
3612 Barbara Ann Boulevard
Crestwood, KY 40014



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 23, 1999

Lee S. Clore
President
Lockwood Estates Developing
Corporation
P. O. Box 21
Crestwood, KY. 40014

RE: Case No. 1999-477
LOCKWOOD ESTATES DEVELOPING CORPORATION
(Rates - ARF)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received November 19, 1999 and has been assigned Case No. 1999-477. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc

ORIGINAL

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

FILED

NOV 19 1999

PUBLIC SERVICE
COMMISSION

RECEIVED

NOV 19 1999

PUBLIC SERVICE
COMMISSION

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Lockwood Estates Developing Corporation
P.O. Box 8
Crestwood, KY 40014
(502) 241-8435

I. Basic Information

NAME, TITLE, ADDRESS, and telephone number of the person to whom correspondence or communications concerning this application should be directed:

Case 99-477

Lee S. Clore, President
P.O. Box 21
Crestwood, KY 40014
(502) 241-8435

- 1) Do you have 500 customers or fewer? Yes
- 2) Do you have \$300,000 in Gross Annual Revenue or less? Yes
- 3) Has the utility filed an annual report with this Commission for the past year and the two previous years? Yes
- 4) Are the utility's records kept separate from any other commonly owned enterprise? Yes

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 and 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

II. Increased Cost Information

- 1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31, 1998.
- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase of decrease, and the adjusted amount.

LOCKWOOD ESTATES DEVELOPING CORPORATION
 REVENUES AND EXPENSES FOR PROPOSED RATE CHANGE
 BASED ON YEAR ENDED 12/31/98

	AMOUNT PER ANNUAL REPORT	INCREASE (DECREASE)	ADJUSTED AMOUNT
REVENUE			
FEES COLLECTED	19,500.00	6,718.00	26,218.00
TOTAL REVENUE	19,500.00	6,718.00	26,218.00
EXPENSES			
DEPRECIATION	3,362.00	0.00	3,362.00
TAXES	185.00	0.00	185.00
REPAIRS AND MAINTENANCE	1,479.00	0.00	1,479.00
ACCOUNTING AND PROFESSIONAL FEES	800.00	0.00	800.00
UTILITIES	3,471.00	0.00	3,471.00
TESTING AND ASSESSMENTS	12,286.00	0.00	12,286.00
INSURANCE	1,764.00	0.00	1,764.00
COLLECTIONS FEES	1,560.00	0.00	1,560.00
TOTAL EXPENSES	24,907.00	0.00	24,907.00
REVENUE LESS EXPENSES	(5,407.00)	6,718.00	1,311.00

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

- b. Please describe each item that you adjusted on page 2 and how you know it will change.

Expenses-We expected the expenses to be approximately the same.

Revenues-We are proposing a rate increase to allow the sewer plant to operate on a financially sound basis and have funds available to do the necessary repairs, maintenance, and testing, which are required to meet all EPA guidelines.

- b. Please list your present and proposed rates for each class of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Residential	\$25/month	\$33.61/month	34.4%

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

III. Other Information

A) Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect of this rate review that should be brought to the Commission's attention.

There are no lots available to build new homes. There are no plans to develop the adjacent property.

- 2) Total number of customers as of the date of filing: 65

- 3) Total amount of increased revenue requested: \$6718

- 4) Please circle yes or no:

- a) Does the utility have outstanding indebtedness? Yes

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc. See Attachment # 1

- b) Were all revenues and expenses listed in the Annual Report for 1998 incurred and collected from January 1 to December 31 of that year? Yes

If no, list total revenue and total expense incurred Prior to or subsequent to this period and attach Invoices of other analysis, which show how Amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 1998 and the amount shown on this schedule. See Attachment # 2.

- 6) If utility is a sewer utility:

- a) Attach a copy of the latest State and Federal Income Tax Returns. See Attachment # 3.

- b) How much of the utility plant was recovered through the sale of lots or other contributions?

None of the utility plant was recovered through the sale of lots or other contributions.

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

III. Other Information (Continued)

B) Please state the reason or reasons why a rate adjustment is requested.

The sewer utility operation has shown losses as follows:

<u>YEAR</u>	<u>LOSS</u>
1998	\$(5,407.00)
1997	(238.00)
1996	(4,378.00)
1995	(736.00)

In order for the sewer plant to operate on a financially sound basis and have funds available to do the necessary repairs, maintenance, and testing which are required to meet all EPA guidelines, it is necessary to raise the rates.

IV. Billing Analysis

This section is not applicable to Lockwood Estates Developing Corporation because they charge a flat rate per month.

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

V. General Information / Customer Notice

1) Filing Requirements:

- a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

A certified copy of the articles of incorporation for Lockwood Estates Developing Corporation is on file with the Commission. The case number associated with this corporation is Case # 9627 and the order was dated 12-3-86. The style of the case was an increase in rates.

- b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

Telephone: 502/564-3940

- c. One copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

- 2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation. See Attachment # 5.
- 3) Copies of this form and the regulation may be obtained from the Commission's office of Executive Director; or by calling 502/564-3940.
- 4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed

M. S. Elu

Officer of the Company

Title

President

Date

11-18-89

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

SCHEDULE OF ATTACHMENTS

- | | |
|----|---|
| #1 | Outstanding debt |
| #2 | Depreciation schedule |
| #3 | Form 720 – Kentucky Corporation Income Tax Return |
| #4 | Form 1120 - U.S. Corporation Income Tax Return |
| #5 | Copy of notices to customers |

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

Attachment # 1

Question III A, 4 a):

The corporation has an outstanding debt owed to Clore Trust B. This is an unsecured note from a stockholder of the corporation and it is valued at \$12,478.68.

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

Attachment # 2

Question III A, 5:

Attachment # 2

Asset Depreciation Short Report - Sorted by - ASSET A/C#

Company: LOCKWOOD ESTATES DEVELOPMENT, INC.

Method: 1 - FEDERAL Std Conv Applied

Range: 140 - LOT 27 SEC II - 160 - UTILITY PLANT

Year End: 12/31/98

File: I:\AKDATA\1440

Include: All assets

Page: 1

Date: 02/23/99

Time: 10:50:26

Date Acq	Description	Meth.	Life	Cost	Sec. 179	Depr Basis	Includes Section 179		
							Beg A/Depr	Curr Depr	End A/Depr
ASSET A/C# 140 LOT 27 SEC II									
12/31/91	LOT 27 - SEC II (UTILITY)	LAND	0.0	379.60	0.00	379.60	0.00	0.00	0.00
Grand totals: 140 - LOT 27 SEC II (1 assets)				379.60	0.00	379.60	0.00	0.00	0.00
ASSET A/C# 160 UTILITY PLANT									
12/31/75	SEWER PLANT	SL	30.0	88,819.00	0.00	88,819.00	62,424.81	2,961.00	65,385.81
06/30/79	SEWER EQUIPMENT	SL	27.0	7,972.50	0.00	7,972.50	5,460.37	295.00	5,755.37
06/30/81	SEWER EQUIPMENT	SL	7.0	3,140.00	0.00	3,140.00	3,140.00	0.00	3,140.00
06/30/84	SEWER EQUIPMENT	SL	7.0	1,723.00	0.00	1,723.00	1,723.00	0.00	1,723.00
06/30/85	SEWER EQUIPMENT	SL	7.0	700.00	0.00	700.00	700.00	0.00	700.00
10/09/96	SEWER EQUIPMENT-UPGRADE SKIMMER, RE	MA150	20.0	1,590.00	0.00	1,590.00	175.00	106.00	281.00
Grand totals: 160 - UTILITY PLANT (6 assets)				103,944.50	0.00	103,944.50	73,623.18	3,362.00	76,985.18
Grand totals for all accounts: (7 assets)				104,324.10	0.00	104,324.10	73,623.18	3,362.00	76,985.18

Codes that may appear next to the date acquired include: A - Addition, D - Disposal, T - Traded, MQ - Mid Quarter Applied

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

Attachments # 3 and 4

Question III A, 6 a):

Attachment #3

**Kentucky Corporate Income and
License Tax Return (Form 720)**

Attachment #4

**U.S. Corporation Income Tax Return
(Form 1120)**

720 Kentucky Corporation Income and License Tax Return
(S Corporations Use Form 720S)

41A720
Commonwealth of Kentucky
REVENUE CABINET

See separate instructions.

1998

Taxable period beginning **JAN 1**, 1998, and ending **DEC 31**, 1998

A Check applicable box(es). Income Tax Return <input checked="" type="checkbox"/> Separate entity <input type="checkbox"/> Consolidated <input type="checkbox"/> Return not required License Tax Return <input checked="" type="checkbox"/> Separate entity <input type="checkbox"/> Consolidated <input type="checkbox"/> Return not required	Name of Corporation or Affiliated Group (Use preaddressed label; otherwise print or type.) LOCKWOOD ESTATES DEVELOPING CORP. Number and Street P.O. BOX 8 <table style="width:100%; border: none;"> <tr> <td style="width:30%; border: none;">City CRESTWOOD</td> <td style="width:10%; border: none;">State KY</td> <td style="width:20%; border: none;">ZIP Code 40014</td> <td style="width:40%; border: none;">Telephone Number</td> </tr> </table> State and Date of Incorporation KENTUCKY 01/27/1971 Principal Business Activity in Kentucky DEVELOPERS Kentucky Business Code No. 233110	City CRESTWOOD	State KY	ZIP Code 40014	Telephone Number	C Kentucky Account Number 00934 D Federal Identification Number 61-0725836 E Federal Business Code Number 233110 B Name of Common Parent Kentucky Account Number
City CRESTWOOD	State KY	ZIP Code 40014	Telephone Number			

F Check if applicable: Initial return Final return Short-period return Change of name/address

PART I - TAXABLE INCOME COMPUTATION		PART III - LICENSE TAX COMPUTATION	
1. Federal taxable income (Form 1120, line 28; Form 1120A, line 24)	28,737.	9. Estimated payments	
ADDITIONS:		10. Extension payment	
2. Interest income (state and local obligations)		11. Prior year's credit	
3. State taxes based on net/gross income		12. License tax overpayment (Part III, line 23)	
4. Safe harbor lease adjustment		13. Income tax due	0.
5. Deductions attributable to nontaxable income		14. Income tax overpayment	
6. Other (attach schedule)		15. Credited to 1998 license tax	
7. Total (add lines 1 through 6)	28,737.	16. Claimed on 1999 estimate	
SUBTRACTIONS:		17. Refunded	
8. Interest income (U.S. obligations)		PART III - LICENSE TAX COMPUTATION	
9. Dividend income		1. Capital stock	145,500.
10. Federal work opportunity credit		2. Paid-in or capital surplus	
11. Safe harbor lease adjustment		3. Retained earnings - appropriated	
12. Other (attach schedule)		4. Retained earnings - unappropriated	<44,485.>
13. Net income (line 7 less lines 8 through 12)	28,737.	5. Mortgages, notes payable in less than 1 year	
14. Taxable net income (attach Sch. A if applicable)	28,737.	6. Advances by affiliated companies	
15. Net operating loss deduction STMT 1	67,990.	7. Mortgages, notes payable in 1 year or more	12,479.
16. Taxable net income (after NOLD)	<39,253.>	8. Other liabilities	
PART II - INCOME TAX COMPUTATION		9. Intercompany accounts	
		10. Other capital accounts	
1. (a) First \$25,000	x 4%	11. Less monies borrowed for inventory	
(b) Next \$25,000	x 5%	12. Less KRS 136.071 deduction	
(c) Next \$50,000	x 6%	13. Total capital (combine lines 1 through 12)	113,494.
(d) Next \$150,000	x 7%	14. Apportionment fraction (attach Sch. A if applicable)	100.0000 %
(e) All over \$250,000	x 8.25%	15. Capital employed subject to tax	113,494.
2. Income tax liability (add lines 1(a) through (e))	0.	16. Tax before credit (line 15 multiplied by .0021)	238.
3. Economic development tax credits (see instructions)		17. License tax credit (maximum \$490)	159.
4. Unemployment tax credit		18. License tax liability (minimum \$30)	79.
5. Recycling/composting equipment tax credit		19. Extension payment	81.
6. Coal conversion tax credit		20. Income tax overpayment (Part II, line 15)	
7. Enterprise zone tax credit		21. License tax due	0.
8. Net income tax liability		22. License tax overpayment	2.
		23. Credited to 1998 income tax	
		24. Credited to 1999	2.
		25. Refunded	

TAX PAYMENT Income _____ License _____
SUMMARY Interest _____ Penalty _____ TOTAL _____

Make check(s) payable to Kentucky State Treasurer. Mail return with payment to Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

I, the undersigned, declare under the penalties of perjury, that I have examined these returns, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

61-0480236
 LOUIS T ROTH & CO., PLLC
 2100 GARDINER LANE #207
 LOUISVILLE, KY 40205

Signature of principal officer or chief accounting officer _____ Date _____ Name and Social Security or federal identification number of person or firm preparing return _____

SCHEDULE Q - KENTUCKY CORPORATION QUESTIONNAIRE

IMPORTANT: Questions 4 - 12 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

1. Indicate whether: (a) [] completely new business; (b) [] successor to previously existing business which was organized as: (1) [] corporation; (2) [] partnership; (3) [] sole proprietorship; or (4) [] other

4. The corporation's books are in care of: (name and address) LEE CLORE COMPANY

5. Did the corporation at any time during the taxable year own 50 percent or more of the voting stock of another corporation, either domestic or foreign? [] Yes [X] No

6. Did any corporation, individual, partnership, trust or association at any time during the taxable year own 50 percent or more of the corporation's voting stock? [X] Yes [] No
7. If the corporation has a KNOL for the taxable year and is electing to forego the net operating loss carryback period, check here []
8. Is the corporation a partner in a partnership doing business in Kentucky? [] Yes [X] No
9. Was this return prepared on: (a) [X] cash basis, (b) [] accrual basis, (c) [] other
10. Is the corporation a public service corporation subject to taxation under KRS 136.120? [] Yes [X] No
11. (a) Did the corporation file a Kentucky intangible property tax return for January 1, 1999? [] Yes [X] No
(b) Did the corporation file a Kentucky tangible personal property tax return for January 1, 1999? [] Yes [X] No

12. Is the corporation currently under audit by the Internal Revenue Service? [] Yes [X] No
If "Yes," enter years under audit
If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this Cabinet, check here [] and file Form 720X, Amended Kentucky Corporation Income Tax and Corporation License Tax Return, for each year adjusted and attach a copy of the final determination.

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

President's Name:
President's Address:
President's Social Security Number:
Vice President's Name:
Vice President's Address:
Vice President's Social Security Number:
Treasurer's Name:
Treasurer's Address:
Treasurer's Social Security Number:
Secretary's Name:
Secretary's Address:
Secretary's Social Security Number:

KY 720 NET OPERATING LOSS DEDUCTION STATEMENT 1

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/83	13,057.	13,057.	
12/31/84	24,875.	16,356.	8,519.
12/31/85	21,846.		21,846.
12/31/86	24,287.		24,287.
12/31/88	1,975.		1,975.
12/31/93	2,833.		2,833.
12/31/94	3,252.		3,252.
12/31/95	736.		736.
12/31/96	4,305.		4,305.
12/31/97	237.		237.
TOTAL TO FORM 720, PAGE 1			67,990.

KY SCHEDULE Q OWNERSHIP INFORMATION QUESTION 6 STATEMENT 2

NAME AND ADDRESS	FED I.D. NUMBER
CARL CLORE TRUST B U/W P.O. BOX 21, CRESTWOOD, KY 40014	61-6213422

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 1998 or tax year

OMB No. 1545-0123

1998

beginning _____, and ending _____
EXTENSION GRANTED TO 09/15/99

A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (as defined in Temp. Regs. sec. 1.441-4T) <input type="checkbox"/>	Use IRS label. Otherwise, print or type.	Name LOCKWOOD ESTATES DEVELOPING CORP.	B Employer identification number 61-0725836
		Number, street, and room or suite no. (If a P.O. box, see page 5 of instructions.) P.O. BOX 8	C Date incorporated 01/27/1971
		City or town, state, and ZIP code CRESTWOOD, KY 40014	D Total assets (see page 5 of instructions)

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address **\$ 113,494.**

Income	1 Gross receipts or sales 47,000.	b Less returns and allowances	c Bal	1c	47,000.
	2 Cost of goods sold (Schedule A, line 8)			2	12,856.
	3 Gross profit. Subtract line 2 from line 1c			3	34,144.
	4 Dividends (Schedule C, line 19)			4	
	5 Interest			5	
	6 Gross rents			6	
	7 Gross royalties			7	
	8 Capital gain net income (attach Schedule D (Form 1120))			8	
	9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)			9	
	10 Other income (attach schedule) SEE STATEMENT 1			10	19,500.
	11 Total income. Add lines 3 through 10			11	53,644.

Deductions	12 Compensation of officers (Schedule E, line 4)		12	
	13 Salaries and wages (less employment credits)		13	
	14 Repairs and maintenance		14	1,479.
	15 Bad debts		15	
	16 Rents		16	
	17 Taxes and licenses SEE STATEMENT 2		17	185.
	18 Interest		18	
	19 Charitable contributions		19	
	20 Depreciation (attach Form 4562)	20	3,362.	
	21 Less depreciation claimed on Schedule A and elsewhere on return	21a		21b 3,362.
	22 Depletion		22	
23 Advertising		23		
24 Pension, profit-sharing, etc., plans		24		
25 Employee benefit programs		25		
26 Other deductions (attach schedule) SEE STATEMENT 3		26	19,881.	
27 Total deductions. Add lines 12 through 26		27	24,907.	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	28,737.	
29 Less: a Net operating loss deduction SEE STATEMENT 4	29a	28,737.		
b Special deductions (Schedule C, line 20)	29b		29c 28,737.	

Tax and Payments	30 Taxable income. Subtract line 29c from line 28		30	0.
	31 Total tax (Schedule J, line 12)		31	0.
	32 Payments:			
	a 1997 overpayment credited to 1998	32a		
	b 1998 estimated tax payments	32b		
	c Less 1998 refund applied for on Form 4466	32c		
	d Bal	32d		
	e Tax deposited with Form 7004	32e		
	f Credit for tax paid on undistributed capital gains (attach Form 2439)	32f		
	g Credit for Federal tax on fuels (attach Form 4136)	32g		32h
33 Estimated tax penalty. Check if Form 2220 is attached		33		
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed		34	0.	
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid		35		
36 Enter amount of line 35 you want: Credited to 1999 estimated tax Refunded		36		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer _____ Date _____ Title _____

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed Preparer's social security number 344 42 9624

Firm's name (or yours if self-employed) and address: LOUIS T ROTH & CO., PLLC
2100 GARDINER LANE #207
LOUISVILLE, KY

EIN 61 0480236
ZIP code 40205

Schedule A Cost of Goods Sold (See page 10 of instructions.)

Form with lines 1-8 for Cost of Goods Sold. Line 5: Other costs (attach schedule) SEE STATEMENT 5. Line 6: Total. Add lines 1 through 5 12,856. Line 8: Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 12,856.

Schedule C Dividends and Special Deductions

Table with 3 columns: (a) Dividends received, (b) %, (c) Special deductions (a) x (b). Rows 1-19 list various dividend types and their percentages (e.g., 70%, 80%, 100%).

Schedule E Compensation of Officers Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

Table with 5 columns: (a) Name of officer, (b) Social security number, (c) Percent of time devoted to business, (d) Common stock, (e) Preferred stock, (f) Amount of compensation. Includes lines 2-4 for total compensation and breakdown.

Schedule J Tax Computation (See page 13 of instructions.)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) **Important: Members of a controlled group, see instructions on page 13.**

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____

3 Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 13) **3** 0.

4a Foreign tax credit (attach Form 1118) **4a** _____

b Possessions tax credit (attach Form 5735) **4b** _____

c Check: Nonconventional source fuel credit QEV credit (attach Form 8834) **4c** _____

d General business credit. Enter here and check which forms are attached: 3800 3468 5884 6478 6765 8586 8830 8826 8835 8844 8845 8846 8820 8847 8861 **4d** _____

e Credit for prior year minimum tax (attach Form 8827) **4e** _____

5 Total credits. Add lines 4a through 4e **5** _____

6 Subtract line 5 from line 3 **6** 0.

7 Personal holding company tax (attach Schedule PH (Form 1120)) **7** _____

8 Recapture taxes. Check if from: Form 4255 Form 8611 **8** _____

9 Alternative minimum tax (attach Form 4626) **9** _____

10 Add lines 6 through 9 **10** 0.

11 Qualified zone academy bond credit (attach Form 8860) **11** _____

12 Total tax. Subtract line 11 from line 10. Enter here and on line 31, page 1 **12** 0.

Schedule K Other Information (See page 15 of instructions.)

		Yes	No			Yes	No
1	Check method of accounting: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____			7	Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.)		X
2	See page 17 of the instructions and state the:				If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached _____		
a	Business activity code no. (NEW) 233110			8	At any time during the 1998 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country?		X
b	Business activity DEVELOPERS				If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country _____		
c	Product or service REAL ESTATE			9	During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520 _____		X
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) X		X	10	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"		X
	If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			a	Enter percentage owned _____		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? X		X	b	Enter owner's country _____		
	If "Yes," enter employer identification number and name of the parent corporation _____			c	The corporation may have to file Form 5472. Enter number of Forms 5472 attached _____		
5	At the end of the year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) STATEMENT 6 X		X	11	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281.		
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned 100.00			12	Enter the amount of tax-exempt interest received or accrued during the tax year \$ _____		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) X		X	13	If there were 35 or fewer shareholders at the end of the tax year, enter the number 1		
	If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.			14	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/>		
				15	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$ 69,318.		

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		7,006.		45,940.
2a Trade notes and accounts receivable				
b Less allowance for bad debts	()		()	
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets				
7 Loans to stockholders				
8 Mortgage and real estate loans				
9 Other investments				
10a Buildings and other depreciable assets	103,945.		103,945.	
b Less accumulated depreciation	(73,623.)	30,322.	(76,985.)	26,960.
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)		47,429.		40,594.
13a Intangible assets (amortizable only)				
b Less accumulated amortization	()		()	
14 Other assets				
15 Total assets		84,757.		113,494.
Liabilities and Stockholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities				
19 Loans from stockholders				
20 Mortgages, notes, bonds payable in 1 year or more		12,479.		12,479.
21 Other liabilities				
22 Capital stock: a Preferred stock				
b Common stock	145,500.	145,500.	145,500.	145,500.
23 Additional paid-in capital				
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		<73,222.>		<44,485.>
26 Adjustments to shareholders' equity				
27 Less cost of treasury stock		()		()
28 Total liabilities and stockholders' equity		84,757.		113,494.

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return	
1 Net income (loss) per books	28,737.
2 Federal income tax	
3 Excess of capital losses over capital gains	
4 Income subject to tax not recorded on books this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):	
a Depreciation	\$
b Contributions carryover	\$
c Travel and entertainment	\$
6 Add lines 1 through 5	28,737.
7 Income recorded on books this year not included on this return (itemize):	
Tax-exempt interest	\$
8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation	\$
b Contributions carryover	\$
9 Add lines 7 and 8	
10 Income (line 28, page 1) - line 6 less line 9	28,737.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1 Balance at beginning of year	<73,222.>
2 Net income (loss) per books	28,737.
3 Other increases (itemize):	
4 Add lines 1, 2, and 3	<44,485.>
5 Distributions:	
a Cash	
b Stock	
c Property	
6 Other decreases (itemize):	
7 Add lines 5 and 6	
8 Balance at end of year (line 4 less line 7)	<44,485.>

Depreciation and Amortization

(Including Information on Listed Property) **OTHER**

▶ See separate instructions. ▶ Attach this form to your return.

LOCKWOOD ESTATES DEVELOPING CORP. **OTHER DEPRECIATION** Identifying number **61-0725836**

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see instructions	1	18,500.
2 Total cost of section 179 property placed in service	2	
3 Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7 Listed property. Enter amount from line 27	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from 1997	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions

Section B - General Depreciation System (GDS) (See instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

Section C - Alternative Depreciation System (ADS) (See instructions.)

16 a Class life					S/L
b 12-year			12 yrs.		S/L
c 40-year	/		40 yrs.	MM	S/L

Part III Other Depreciation (Do Not Include Listed Property.) (See instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1998	17	106.
18 Property subject to section 168(f)(1) election	18	
19 ACRS and other depreciation	19	3,256.

Part IV Summary (See instructions.)

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	3,362.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? Yes No 23b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
--	-------------------------------	--	-------------------------------	--	---------------------------	------------------------------	----------------------------------	---------------------------------------

24 Property used more than 50% in a qualified business use:

	:	:	%					
	:	:	%					
	:	:	%					

25 Property used 50% or less in a qualified business use:

	:	:	%			S/L		
	:	:	%			S/L		
	:	:	%			S/L		

26 Add amounts in column (h). Enter the total here and on line 20, page 1 26

27 Add amounts in column (i). Enter the total here and on line 7, page 1 27

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No										
28 Total business/investment miles driven during the year (DO NOT include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1998 tax year:					
41 Amortization of costs that began before 1998				41	
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return				42	

FORM 1120	OTHER INCOME	STATEMENT	1
DESCRIPTION		AMOUNT	
SEWER FEES		19,500.	
TOTAL TO FORM 1120, LINE 10		19,500.	

FORM 1120	TAXES AND LICENSES	STATEMENT	2
DESCRIPTION		AMOUNT	
LICENSES		125.	
KENTUCKY TAXES - OTHER		60.	
TOTAL TO FORM 1120, LINE 17		185.	

FORM 1120	OTHER DEDUCTIONS	STATEMENT	3
DESCRIPTION		AMOUNT	
ACCOUNTING & PROF FEES		800.	
UTILITIES		3,471.	
TESTING & ASSESSMENTS		12,286.	
INSURANCE		1,764.	
COLLECTION FEES		1,560.	
TOTAL TO FORM 1120, LINE 26		19,881.	

NET OPERATING LOSS DEDUCTION STATEMENT 4

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/83	13,057.	13,057.	0.
12/31/84	24,875.	15,237.	9,638.
12/31/85	21,846.		21,846.
12/31/86	24,287.		24,287.
12/31/88	2,184.		2,184.
12/31/93	2,833.		2,833.
12/31/94	3,252.		3,252.
12/31/95	736.		736.
12/31/96	4,305.		4,305.

12/31/97

237.

237.

NOL CARRYOVER AVAILABLE THIS YEAR

69,318.

SCHEDULE A COST OF GOODS SOLD - OTHER COSTS STATEMENT 5

DESCRIPTION	AMOUNT
COST OF LAND SOLD	12,856.
TOTAL TO SCHEDULE A, LINE 5	12,856.

OTHER INFORMATION 50% OR MORE OF VOTING STOCKS OWNED BY STATEMENT 6

(A) NAME CARL CLORE TRUST B U/W
 ADDRESS P.O. BOX 21, CRESTWOOD, KY 40014
 IDENTIFYING NUMBER 61-6213422
 (B) PERCENT OF STOCK 100.00%

LOCKWOOD ESTATES DEVELOPING CORPORATION
Application for Rate Adjustment

Attachment # 5

Lockwood Estates Developing Corporation
P.O. Box 8
Crestwood, KY 40014

November 15, 1999

Dear Customer:

The rates contained in this notice are the rates proposed by Lockwood Estates Developing Corporation. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of this proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, PO Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status and interest of the movant.

Copies of the application may be obtained at no charge from Lockwood Estates Developing Corporation at 7204 West Highway 329, Crestwood, Kentucky 40014.

Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Residential	\$25/month	\$33.61/month	34.4%